



# **Third Quarter 2010 Marketing Report To The City of Branson**

**Branson/Lakes Area Chamber/CVB**

**November 23, 2010**

# Presentation Overview



- “ 2010 Economic Overview**
- “ 2010 Travel Industry Overview**
- “ 2010 Q3 Branson Update**
- “ 2011 Marketing/Initiatives**





# **Economic Outlook**

# State of the Economy

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- While the recession is over and GDP has grown the past three quarters, **consumer confidence remains very low and unemployment remains high** relative to historic standards.
- The recovery has been rocky and anything but universal. Luxury and upscale segments have returned to near normal, but **middle class Americans continue to struggle.**



# State of the Economy

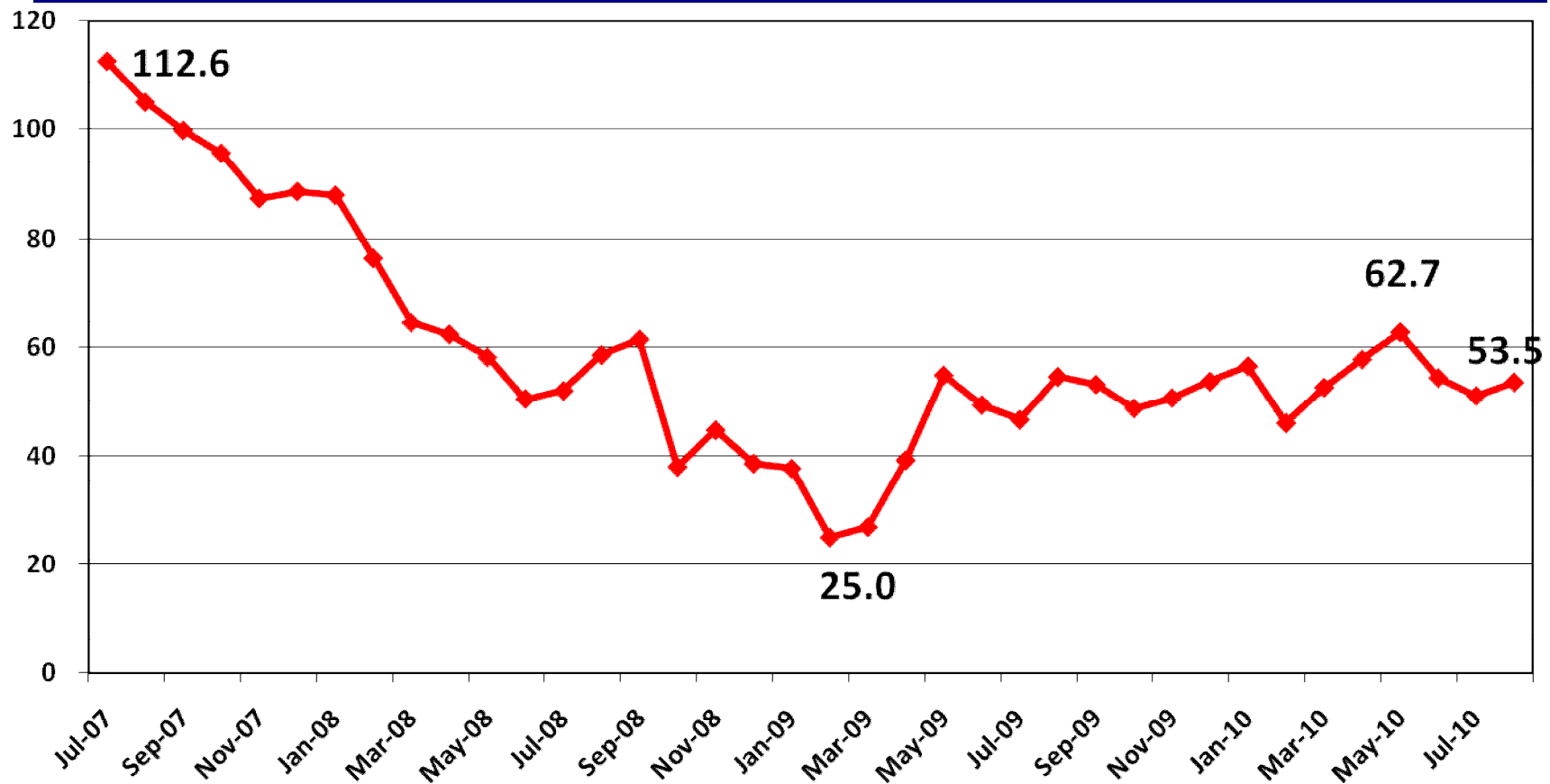
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- As a whole, consumer spending (which comprises 70% of the economy) remains sluggish as Americans are still reluctant to pull out their pocketbooks and resume spending.



# Consumer Confidence

Consumer confidence remains perilously low. An index of 90 is required for sustainability and 100 is needed to represent growth.



Source: The Conference Board

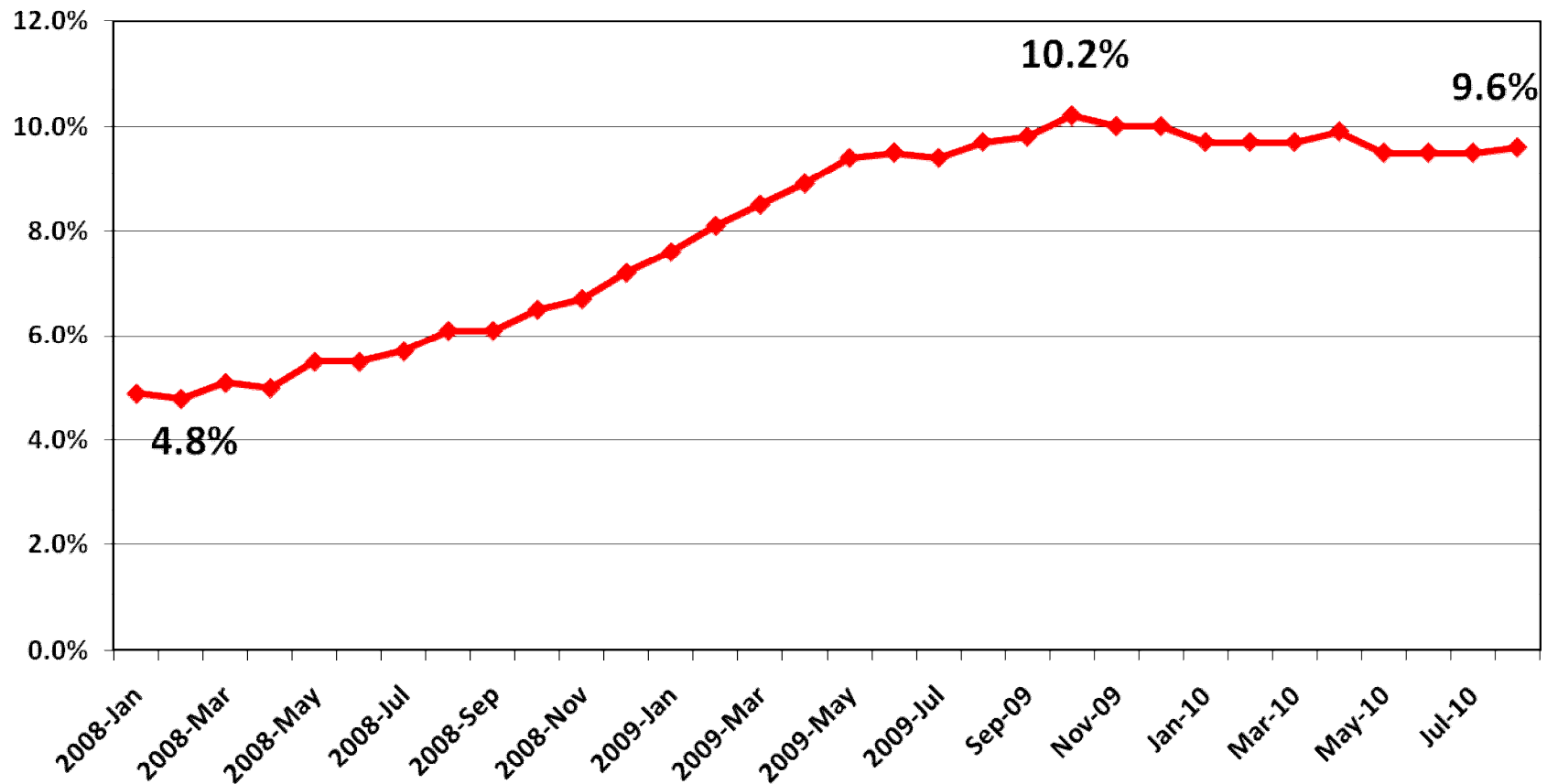




**TIMES BEING ROUGH, FOUR HAD BEEN LAID OFF**

# U.S. Unemployment Rate

U.S. unemployment remains high by historic standards.



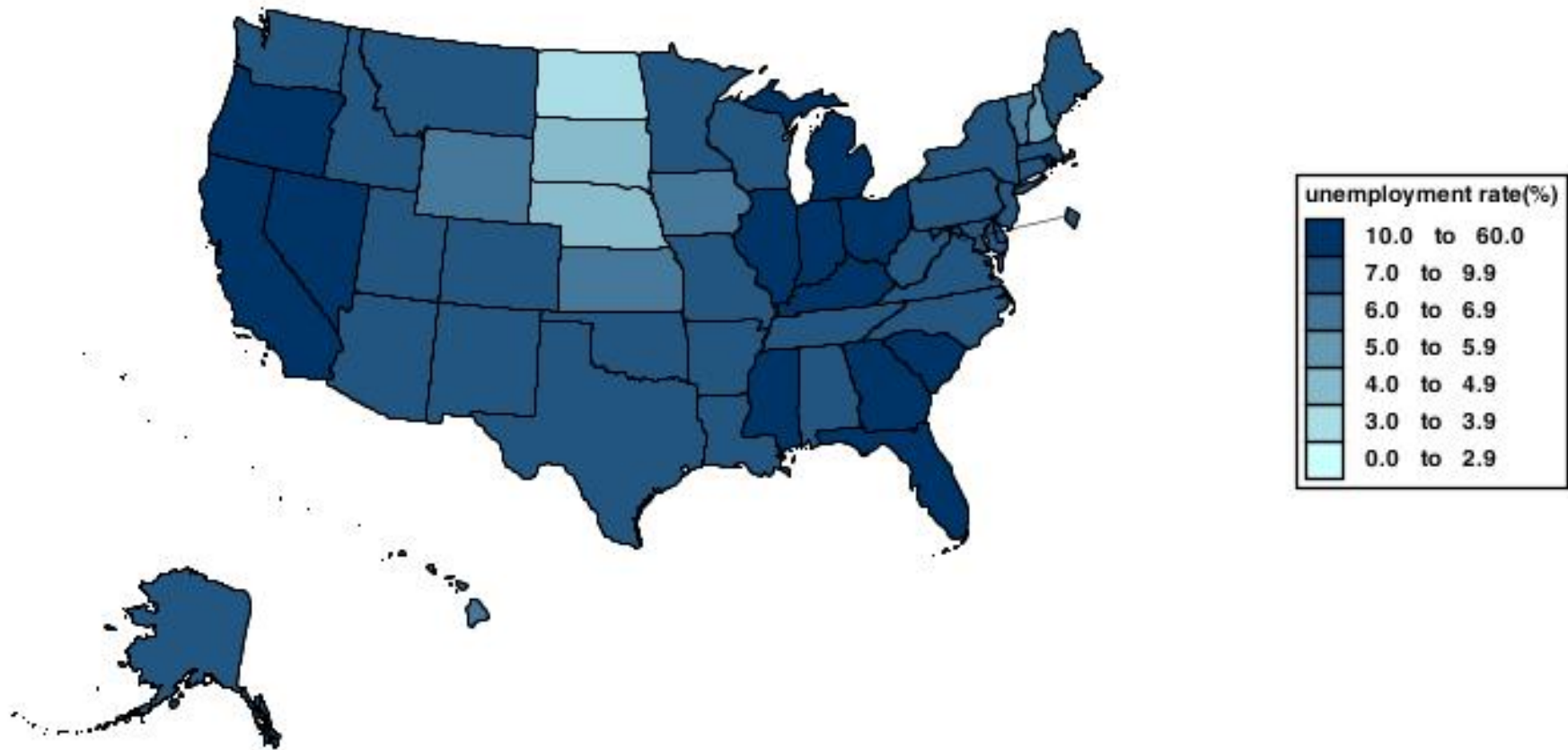
Source: Bureau of Labor Statistics



# August 2010 Unemployment by State

## *Seasonally Adjusted*

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Source: Bureau of Labor Statistics

# New Healthcare Initiative

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According to a study conducted among small businesses earlier this year by Manta, nearly half (44%) of small businesses said the additional cost of health care reform is their most significant concern. Likewise, **45% said they planned to reduce their number of employees** in order to absorb the additional cost of doing business associated with the plan.

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# New Healthcare Initiative

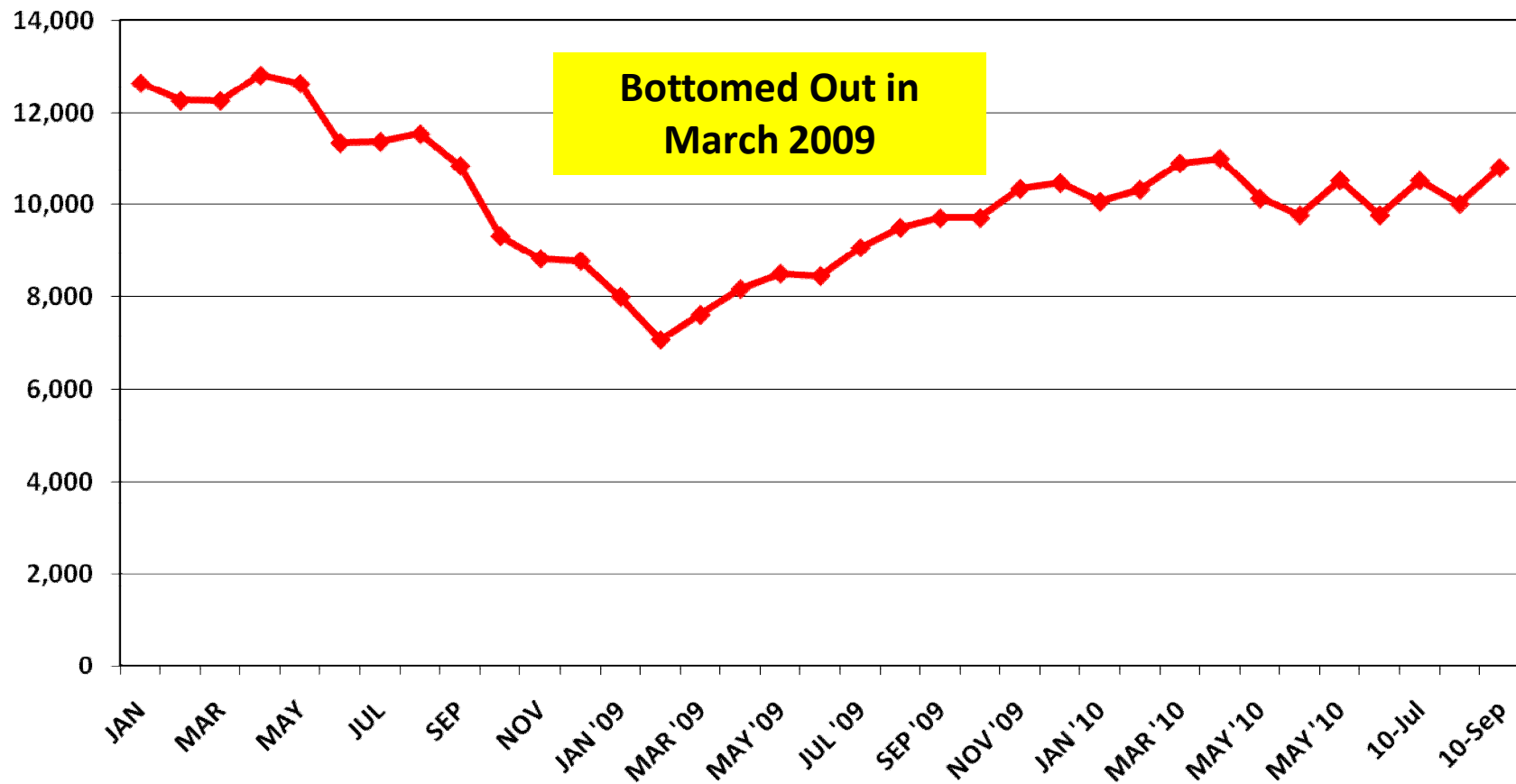
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According to economic analyst Ron Miller, small business people are afraid to start hiring for fear of how much the new health care initiative is going to cost them -- until that fear is alleviated, new hiring is likely to be thwarted. Whether real or imagined, **the perception of increased cost of healthcare is causing small businesses to refrain from re-hiring and the collective impact may hinder recovery for the foreseeable future.**

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# Dow Jones Industrial Average

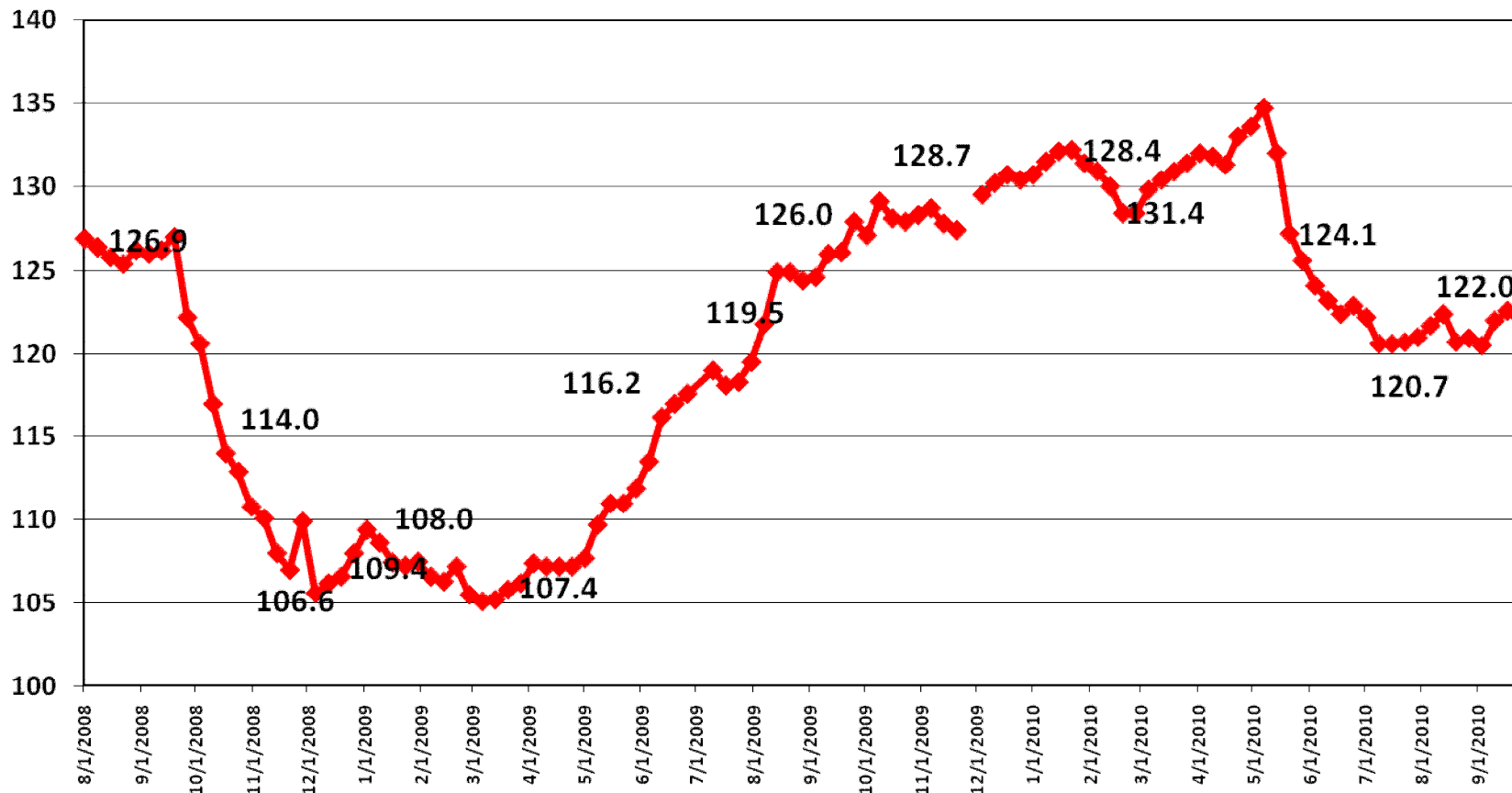
Thanks to steady increases in corporate profits the DJIA performed well in 2009, but has produced mixed results over the past six months.



Source: Dow Jones Industrial Average

# Weekly Leading Index

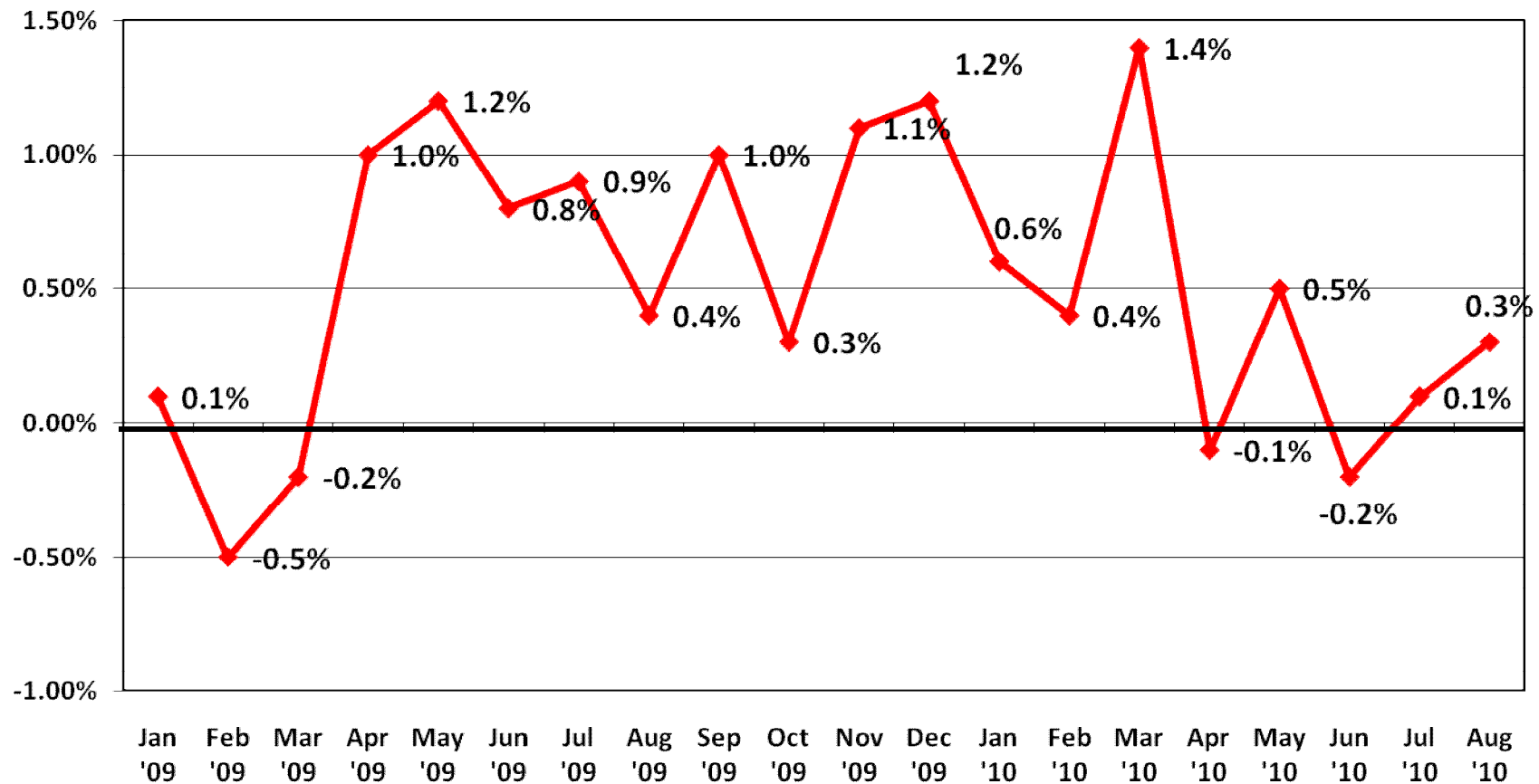
The WLI, which looked great at this time last year, has waned in recent months.



Source: Economic Cycle Research Institute

# Index of Leading Economic Indicators

Recent figures from the Conference Board appear to echo the concerns raised by ECRI.



Source: Conference Board

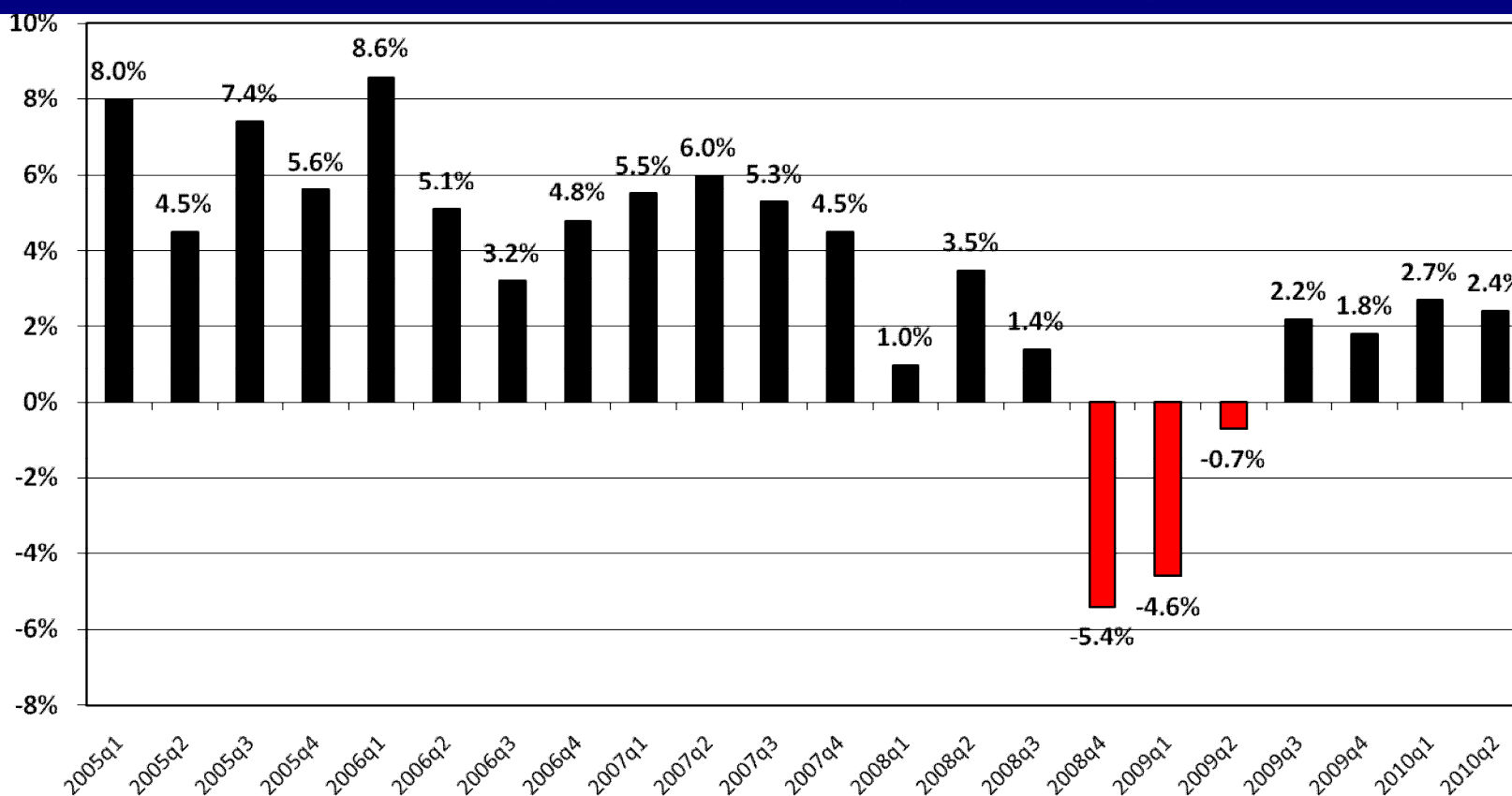




# Real Gross Domestic Product

## *Seasonally Adjusted*

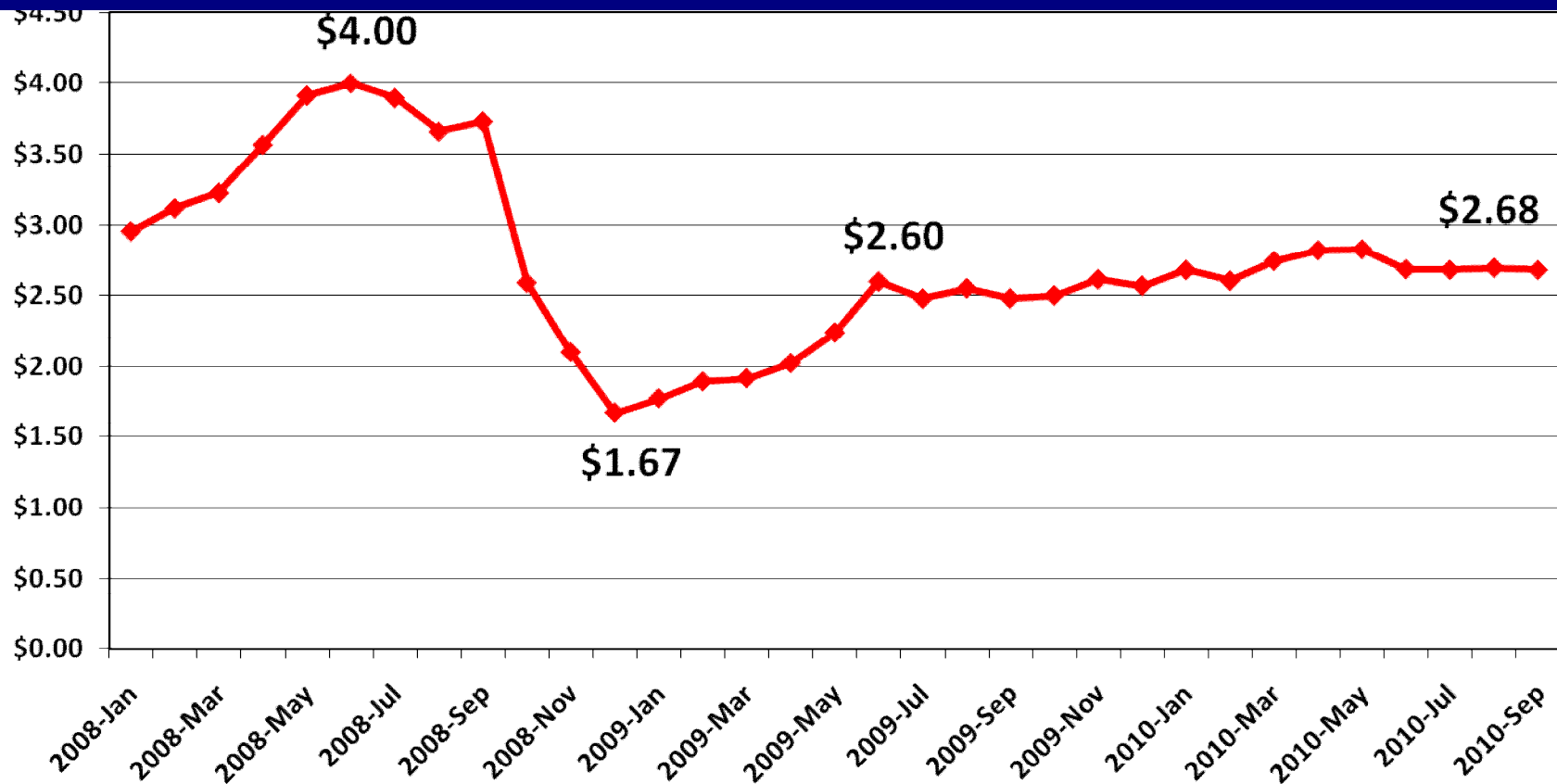
The GDP, which decreased four consecutive quarters in 2008-2009 has since posted four consecutive increases. Some experts, however, worry this trend may be difficult to sustain.



Source: U.S. Bureau of Economic Analysis

# Average U.S. Gasoline Prices

And, while gasoline prices remain by historic standards, they are still much lower than the \$4.00/gallon peak reached in July 2008.



Source: [http://tonto.eia.doe.gov/dnav/pet/hist/mg\\_rco\\_usw.htm](http://tonto.eia.doe.gov/dnav/pet/hist/mg_rco_usw.htm)

## USA National Gas Price Heat Map

Now you can see what gas prices are around the country at a glance. Areas are color coded according to their price for the average price for regular unleaded gasoline. Click here for the [Canada National Gas Price Heat Map](#).

Search by City, State OR Zip:

Go

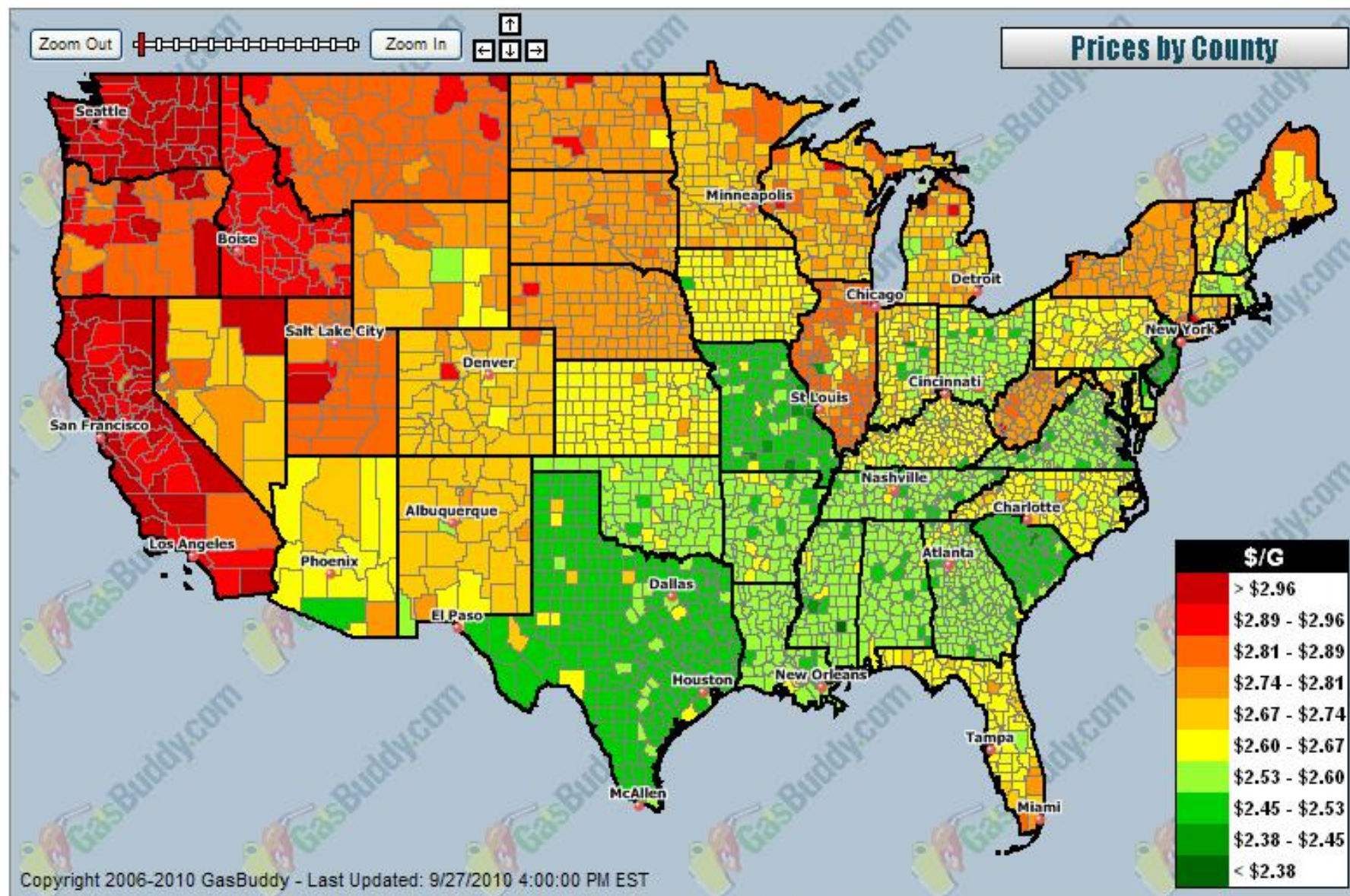
Help Using the Map

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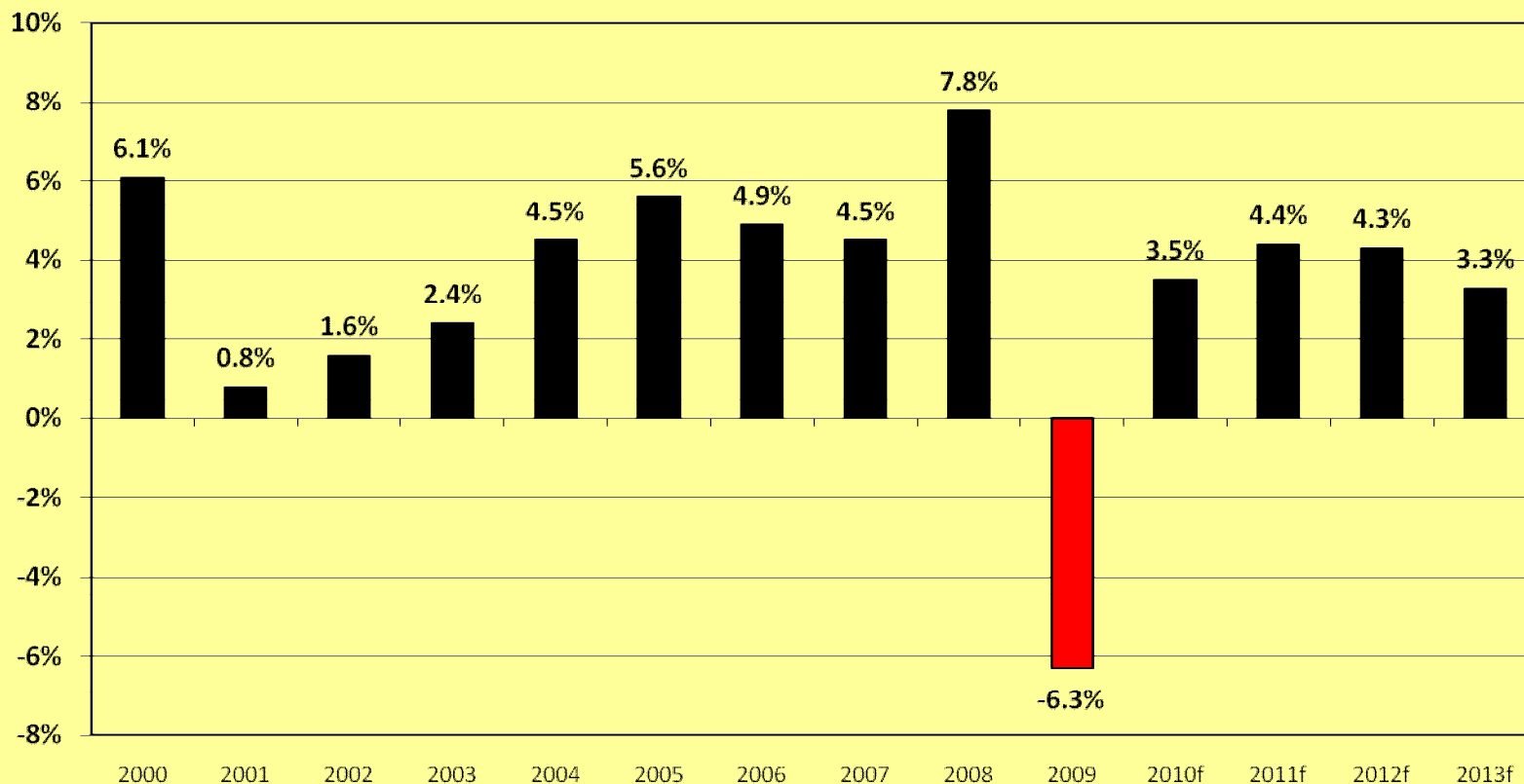


# **Travel Industry Overview**

# Travel Price Index



After travel prices plummeted (-6.3%) in 2009 we're seeing a small rebound in 2010 (+3.5%).

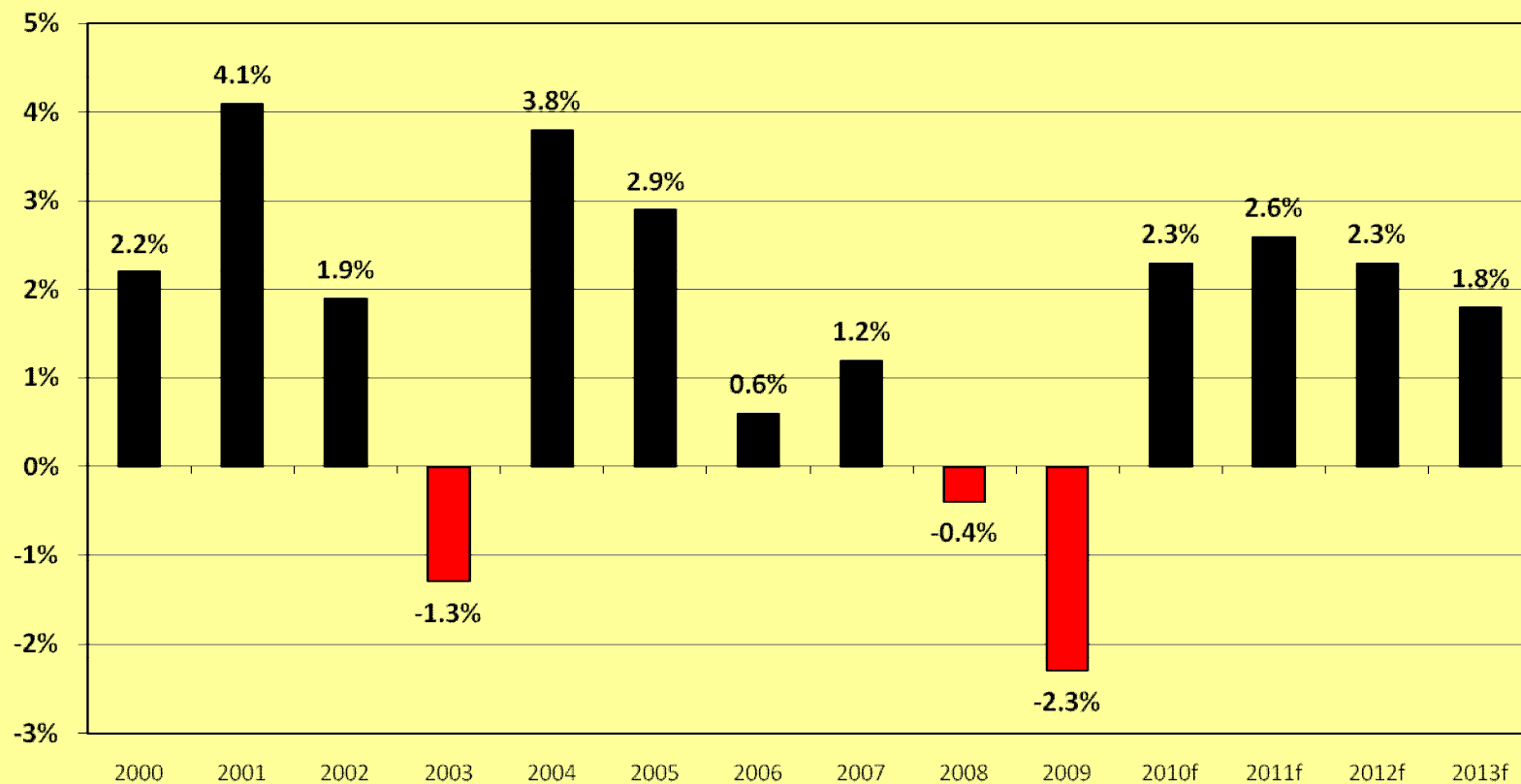


Source: U.S. Travel Association

# Leisure Trip Forecast



In 2010, expect leisure trips to rebound (+2.3%) back to 2008 levels after falling 2.3% last year.

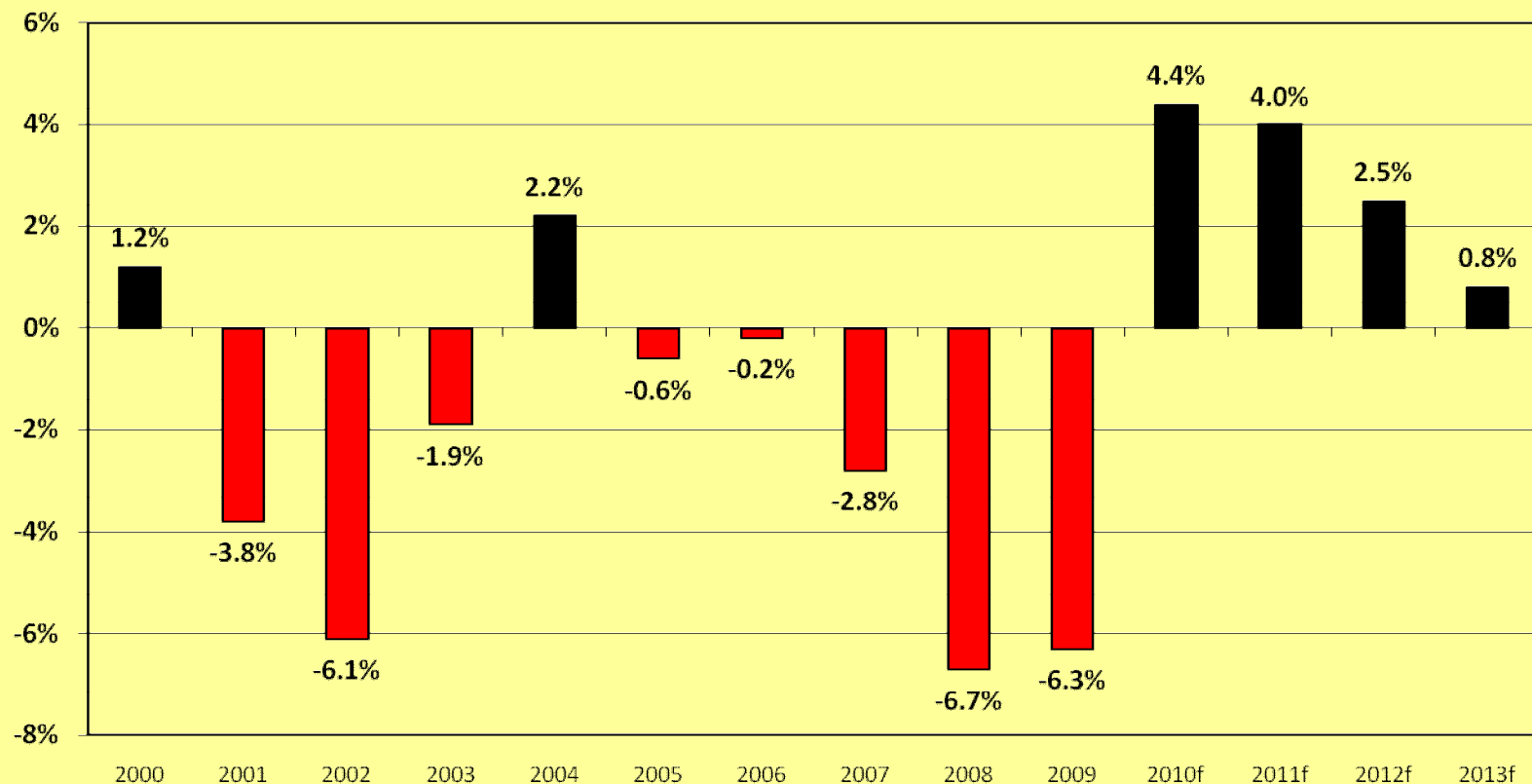


SOURCE: U.S. Travel Association; TIA.org as of 7.27.10

# Business Trip Forecast



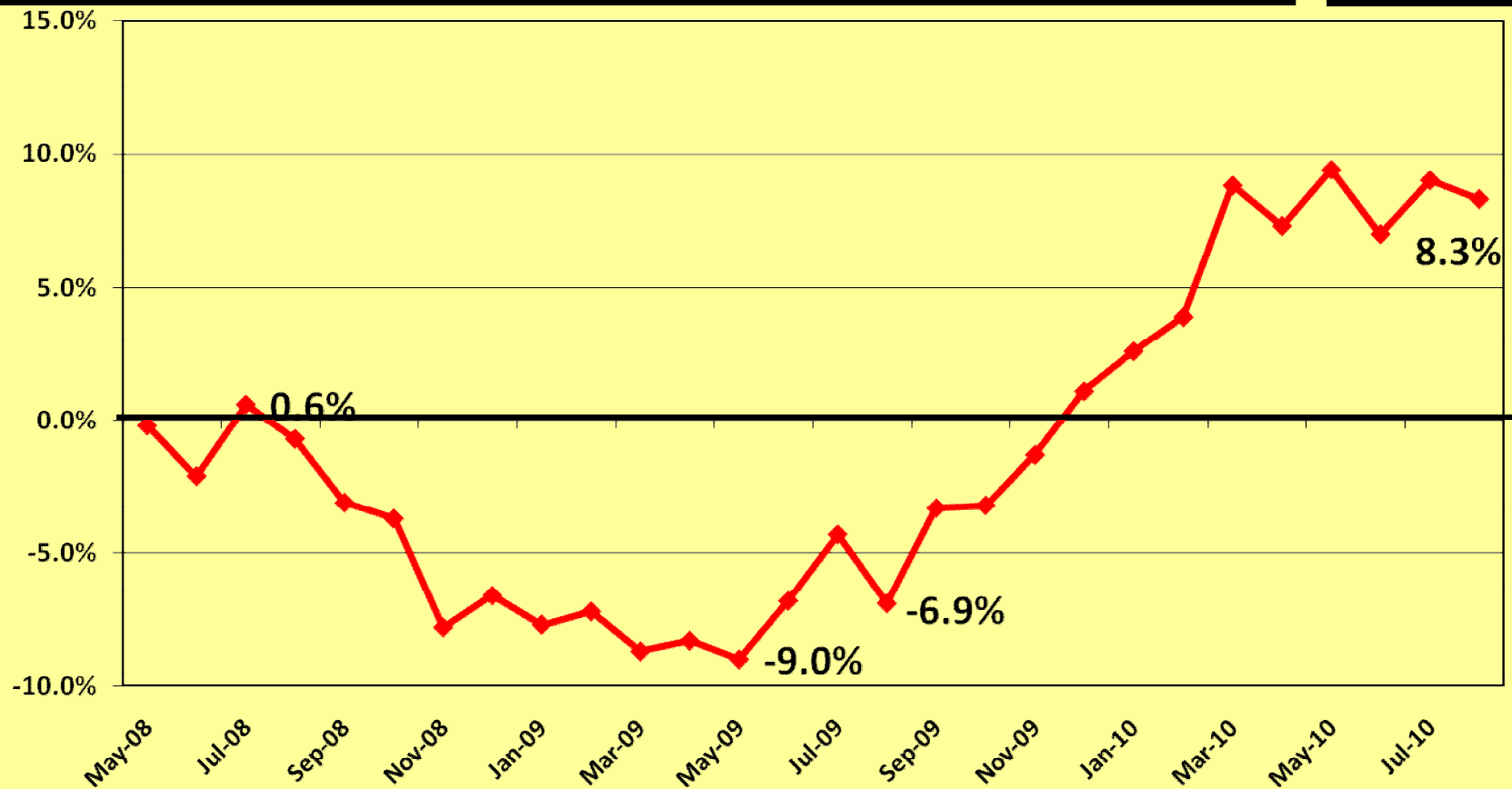
Business travel fell much further last year (-6.3%) but is likewise rebounding stronger (+4.4%) this year.



SOURCE: U.S. Travel Association; TIA.org as of 7.27.10



# Smith Travel Research U.S. Room Demand Variance

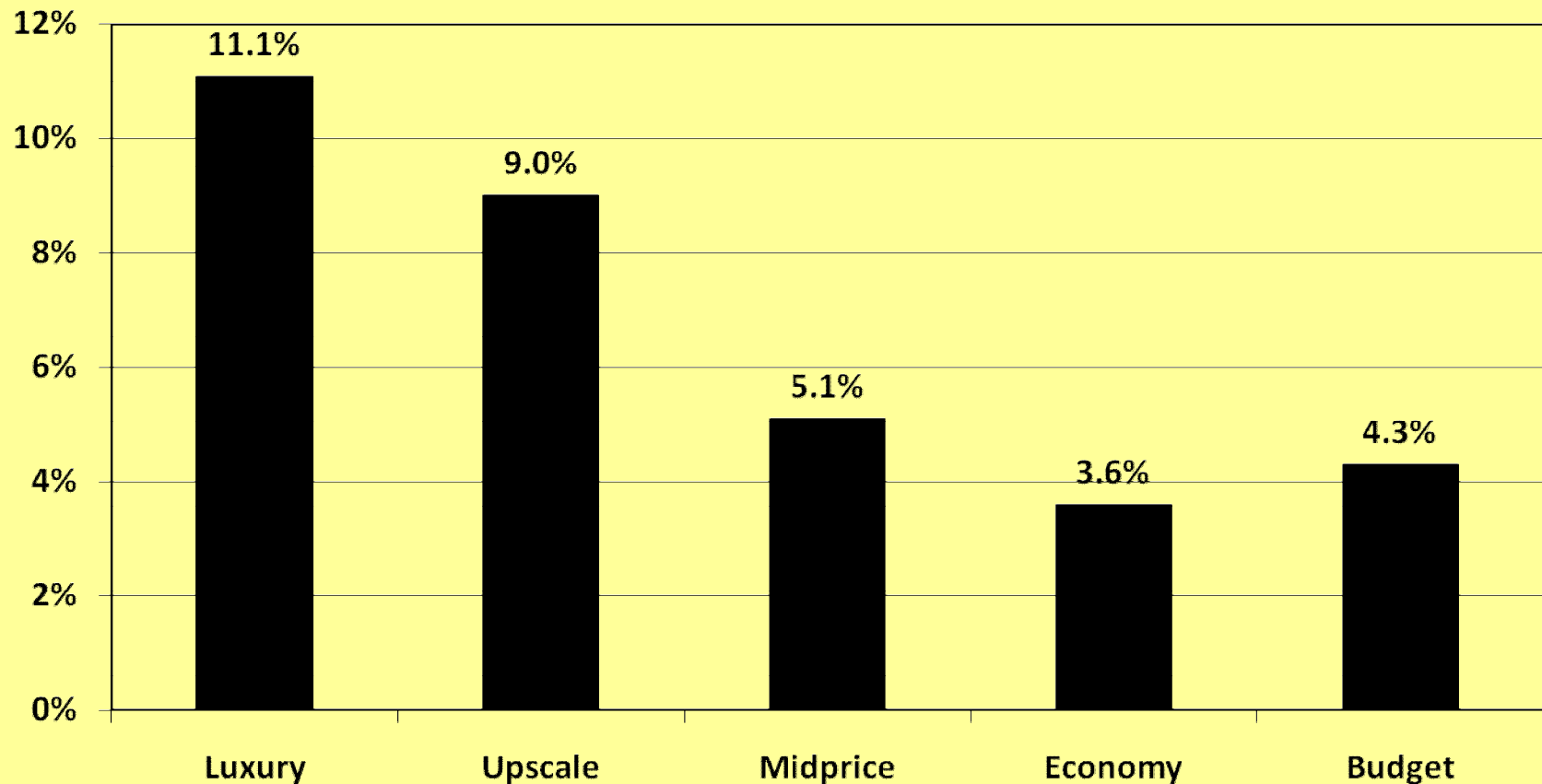


Source: Smith Travel Research

However, the **rebound is not universal. Luxury and upscale** hospitality **price points** are **performing much better** than mid-price, economy and budget price points.

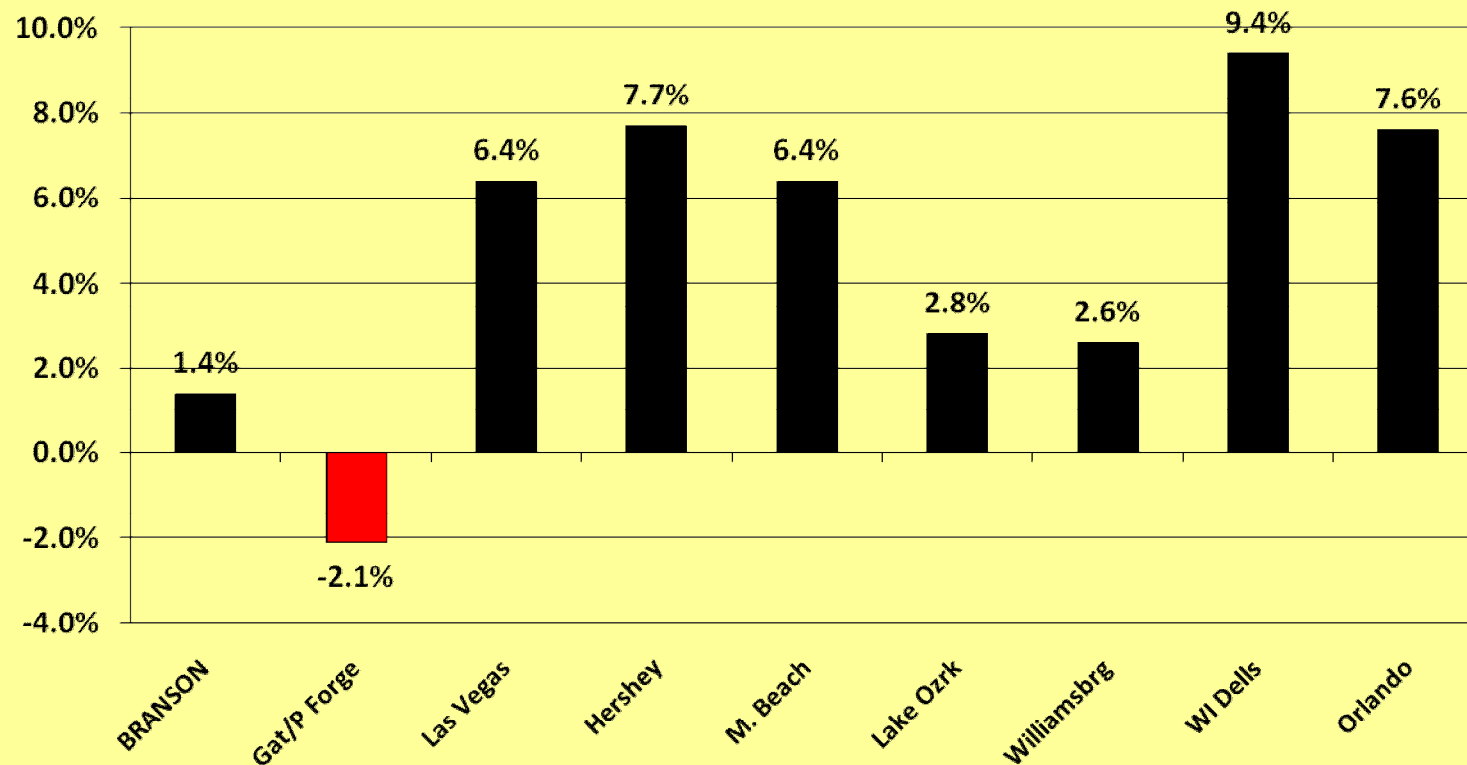
# Smith Travel Research Room

## Demand by Price *YTD through August*



SOURCE: Smith Travel Research data for the USA as a whole

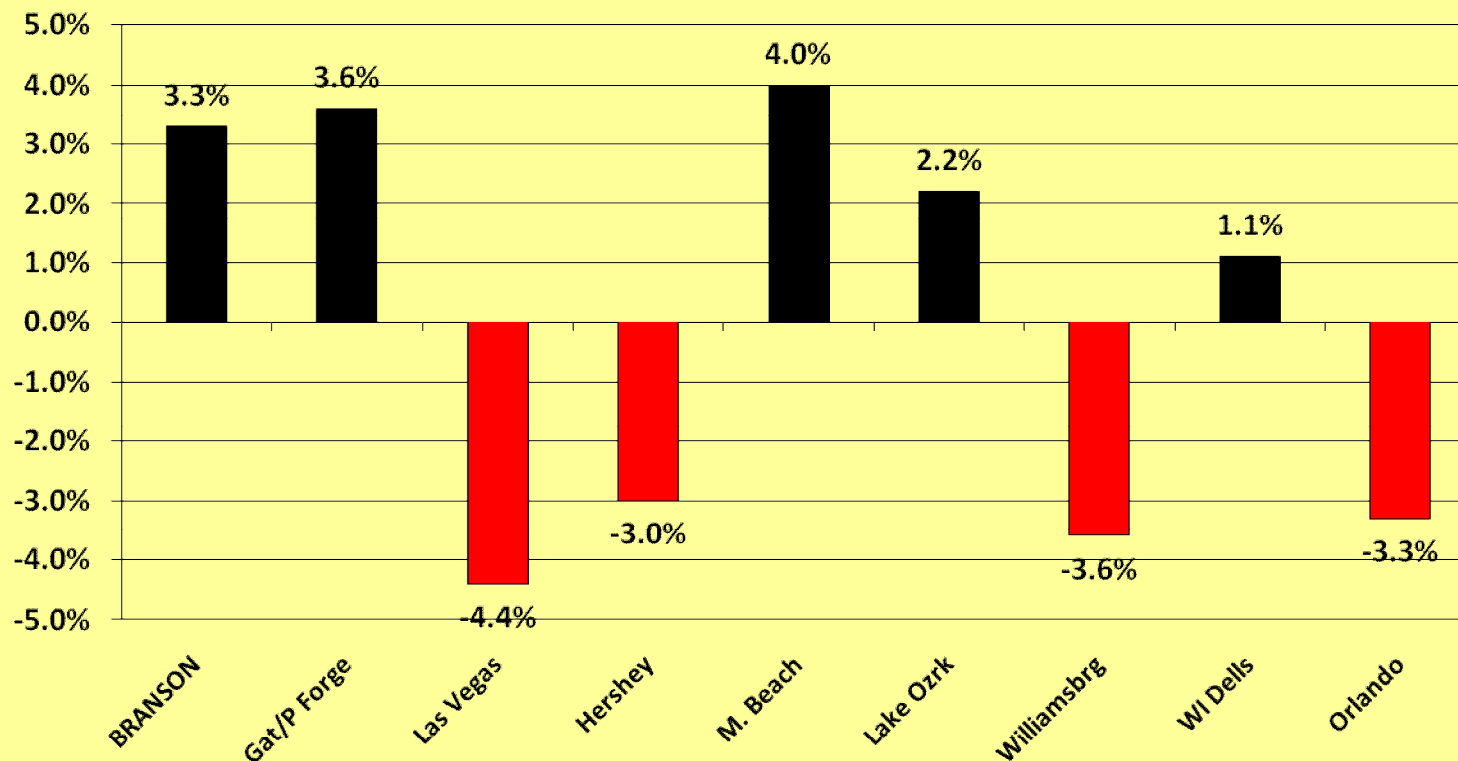
# Comparative Destinations YTD Room Demand Variance thru September\*



**\*NOTE: With exception of Lake of the Ozarks (+2.2%), at this time last year other destinations were down between -8.1% and -15.9%. Branson was -2.2%.**

Source: Smith Travel Research YTD through September

# Comparative Destinations YTD Average Daily Rate thru September



Source: Smith Travel Research YTD through September

# Consumer Trends



# Frugality is Becoming the New Normal

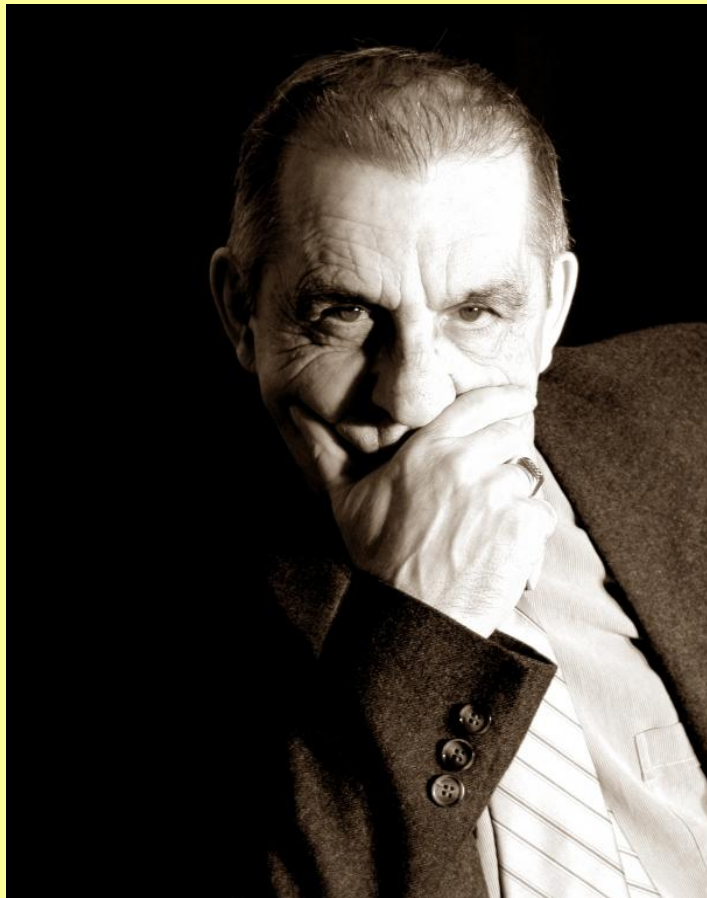


- “ Because of economic necessity, consumers today have discovered that **living with less is not as burdensome as they expected.**
- “ As shoppers and as travelers, consumers are also able to be **thriftier and more resourceful** because of an ever-growing array of easy-to-use tools. According to Google, today's consumers visit an average of 20 websites before making a travel purchase.





# Travelers' Worst Fear



“ The drive to track down the best deal possible is hugely compelling for today's consumers. In fact, travelers in a recent focus group were asked to identify the fear most likely to keep them from planning a vacation: it was not hurricanes, earthquakes, the economy or even job worries - **Travelers' biggest fear was the fear of overpaying.** “People are maniacally crazy when they're going away and they find out they could have gotten the same thing for less,” said Susan Black, co-founder of advisory firm Black & Wright.

# Re-Evaluation of Priorities



- “ But it is not just about price— Travelers want to feel good about going away and want to be connected with others. In response, **travel marketers are working to better align with people’s priorities** -- making them feel good about their expenditures.
- “ For instance, rather than the usual valued-added features such as resort credits or free nights, five-star hotels are inviting guests to see their green operations or to participate in a voluntourism experience. **While last year was about discounting, now it is, “What kind of *authentic* value can I add?”**



# Fun That is Worth It



Further, travelers seem to need to give themselves permission to spend money. One place where consumers are giving themselves that permission is anything involving family, relationships or getting in touch with oneself. **Consumers are absolutely willing to spend money as long as they feel they are spending it responsibly.** It's how people feel about the purchase that is probably the most impactful thing.

# Boomers Hurt the Worst in this Recession



Once recovery kicks in shoppers will become more purposeful in their spending, replacing rampant deal seeking with more purchase selectivity using new tools and techniques learned recently. Boomers led the country out of the last 3 recessions -- but not this one. **Boomers savings and retirement accounts have been hurt the most, causing a change in their spending habits.**



# Gen X and Millennials Will Drive Recovery



- “ **A higher ratio of Millennials’ income is discretionary** because they have fewer debts and a less urgent need to accumulate wealth in the immediate future relative to older shoppers.
- “ Also, this generation is accustomed to instant gratification and demands for the latest gadgets.
- “ According to PwC, there will *not* be a wholesale return to previous shopping patterns and behaviors.



# Other Relevant Consumer Trends



“ **Share of Households with Children is Declining**, as it has since the peak of the late 1950s. By the middle 2020s, the share of U.S. households with children under 18 will fall below 30%. making large families with children a niche market. Because fertility rates continue to fall, average family size will also fall, further impacting sales volume.

Sources: NielsenWire



# Other Relevant Consumer Trends



Sources: NielsenWire

**“ Immigration and Ethnic Families Fuel Growth.** The majority of population growth in the U.S. will come from new immigrants and their children. Since most immigrants are young, families with children will become more ethnic, more quickly, than the total population.

**The growth in multi-cultural families will eventually impact our tourism industry**

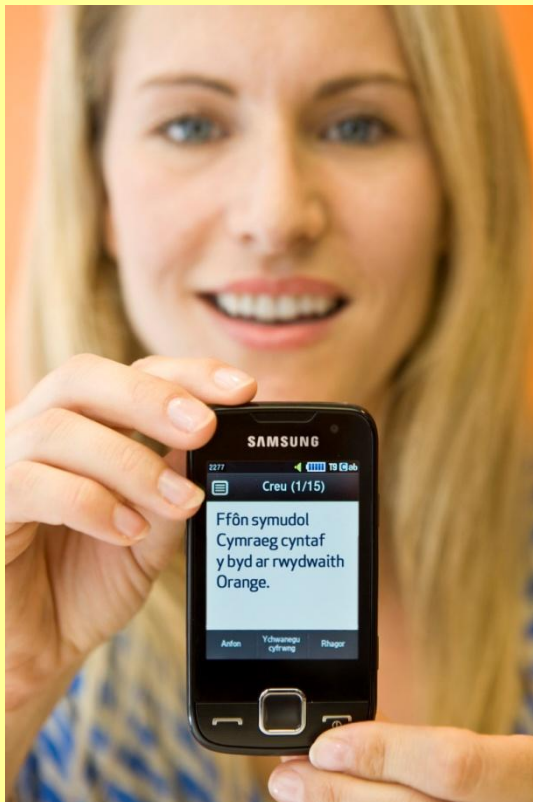


# Other Relevant Consumer Trends



**“ By 2025, the majority of families with children in the U.S. will be multi-cultural (Hispanic, Black, Asian, etc.). Less than half of families with children will be native born non-Hispanic White. Multi-cultural marketing will be essential when selling to families with children.**

# Going Mobile



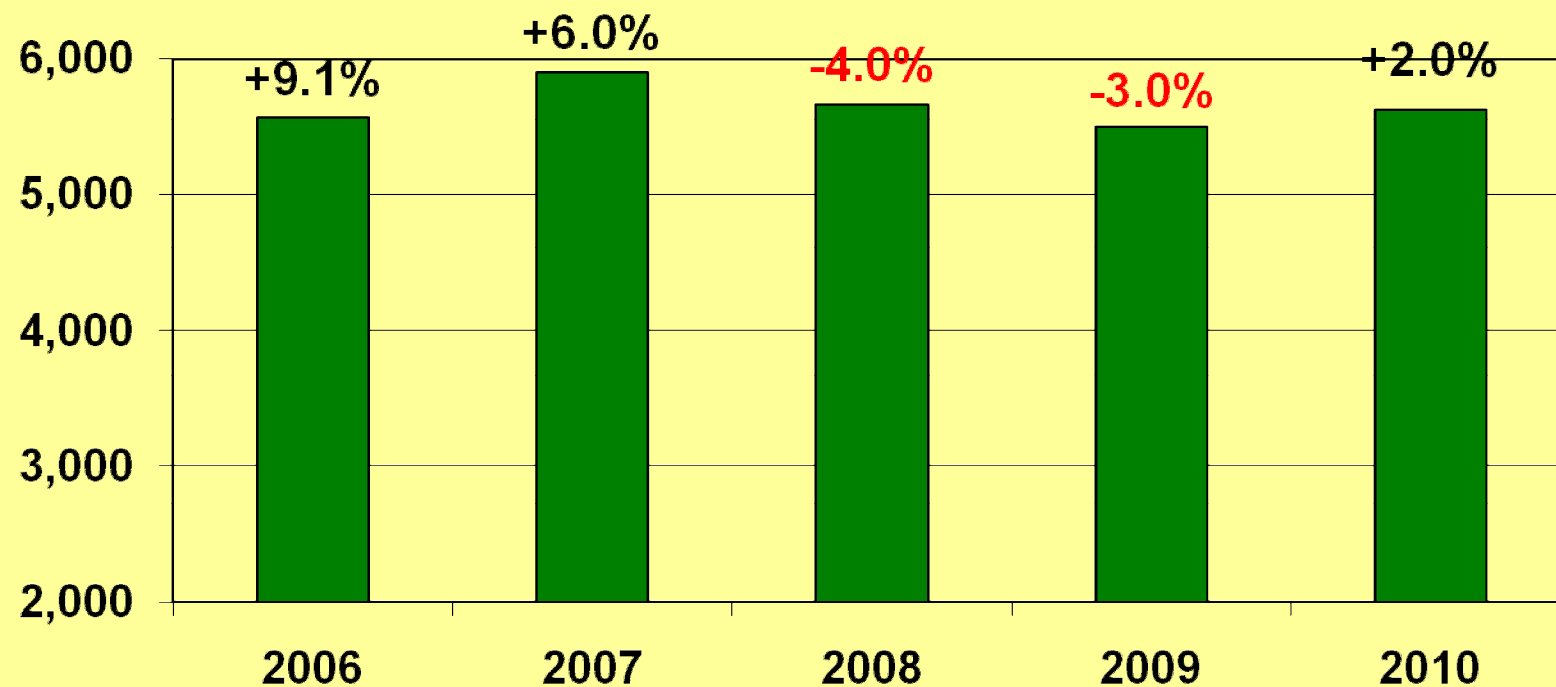
“ With the rapid integration of mobile capabilities to plan itineraries, receive travel alerts, etc. making mobile devices indispensable to business travelers, mobile is now becoming an integral tool for the leisure travel marketplace. A frenzy of development by innovators and existing software providers is tapping into the sudden, explosive growth in the use of smartphones.

# Branson Update

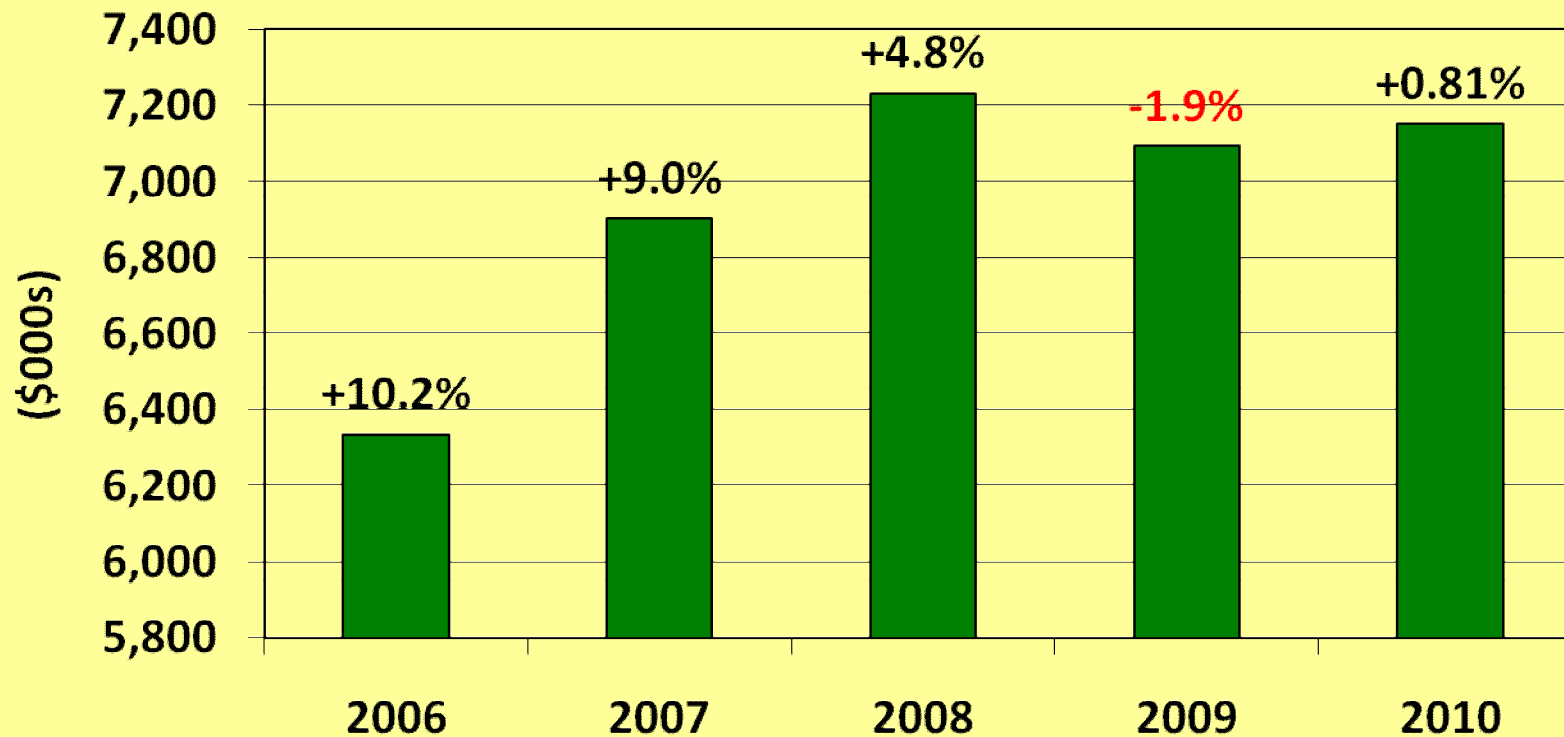


Third Quarter 2010  
**performance**  
update

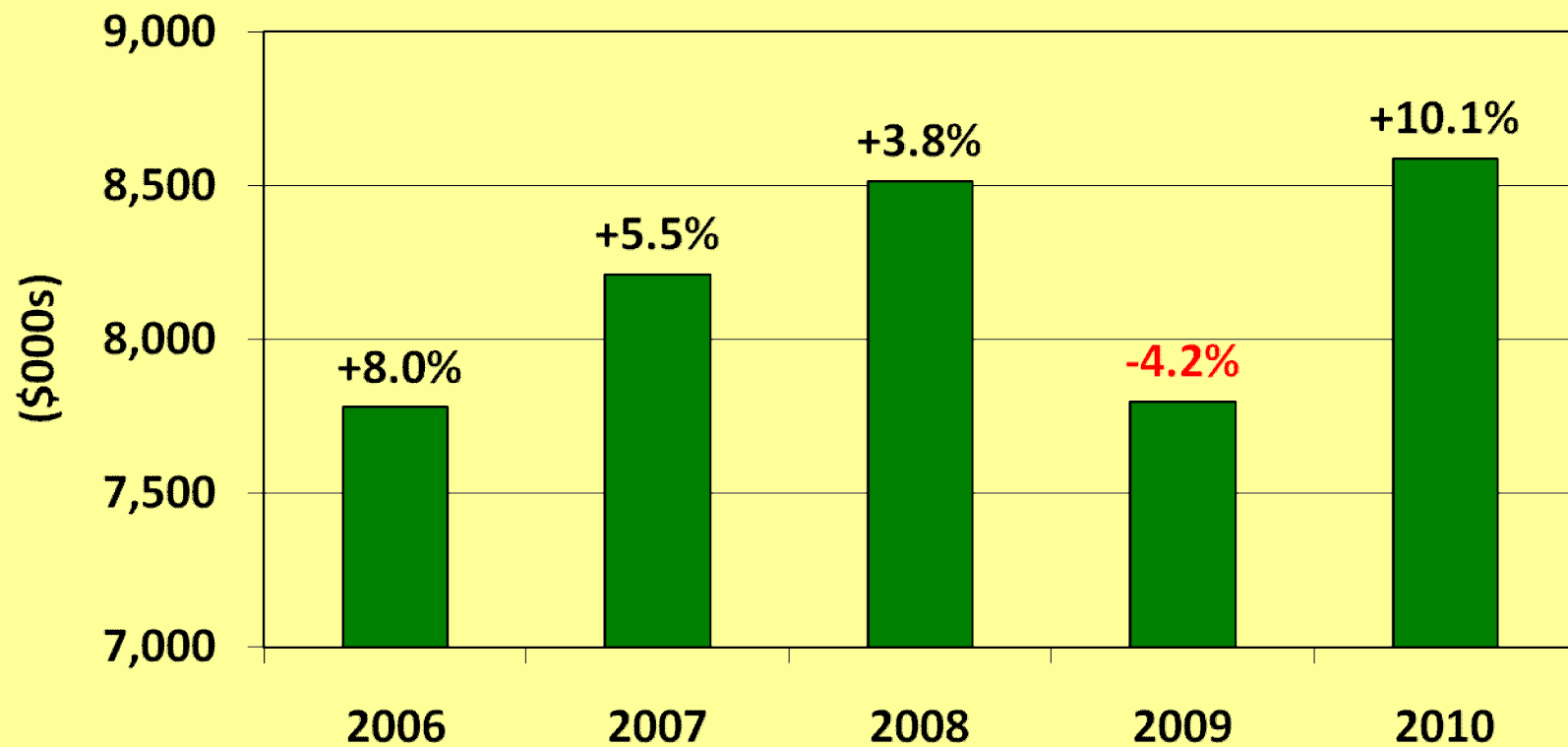
# Overall Visitation YTD thru September 2006-2010



# City of Branson Sales Tax YTD Thru September 2010

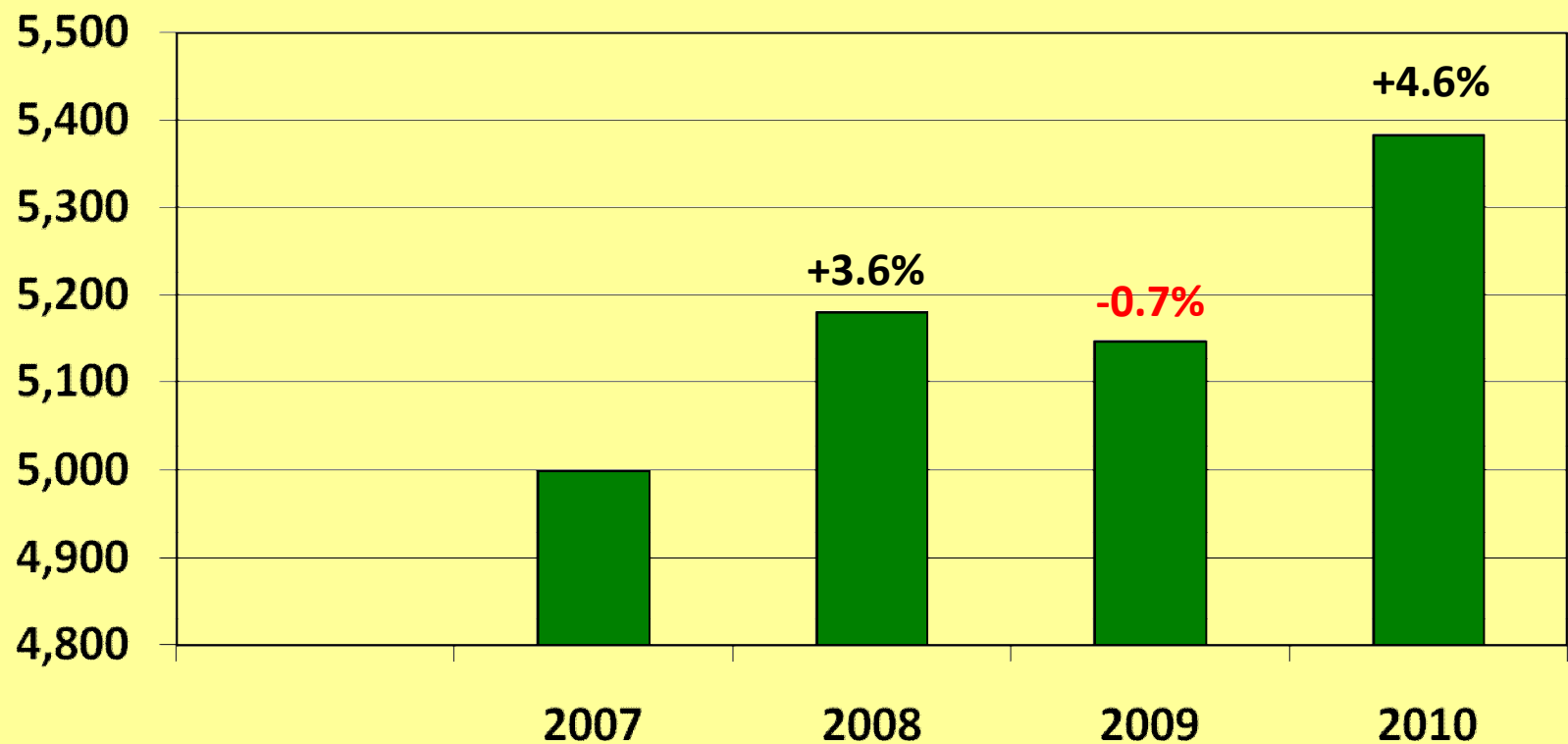


# City of Branson Tourism Tax YTD Thru September 2010



CY thru June

# TCED Tourism Tax YTD Thru September 2010

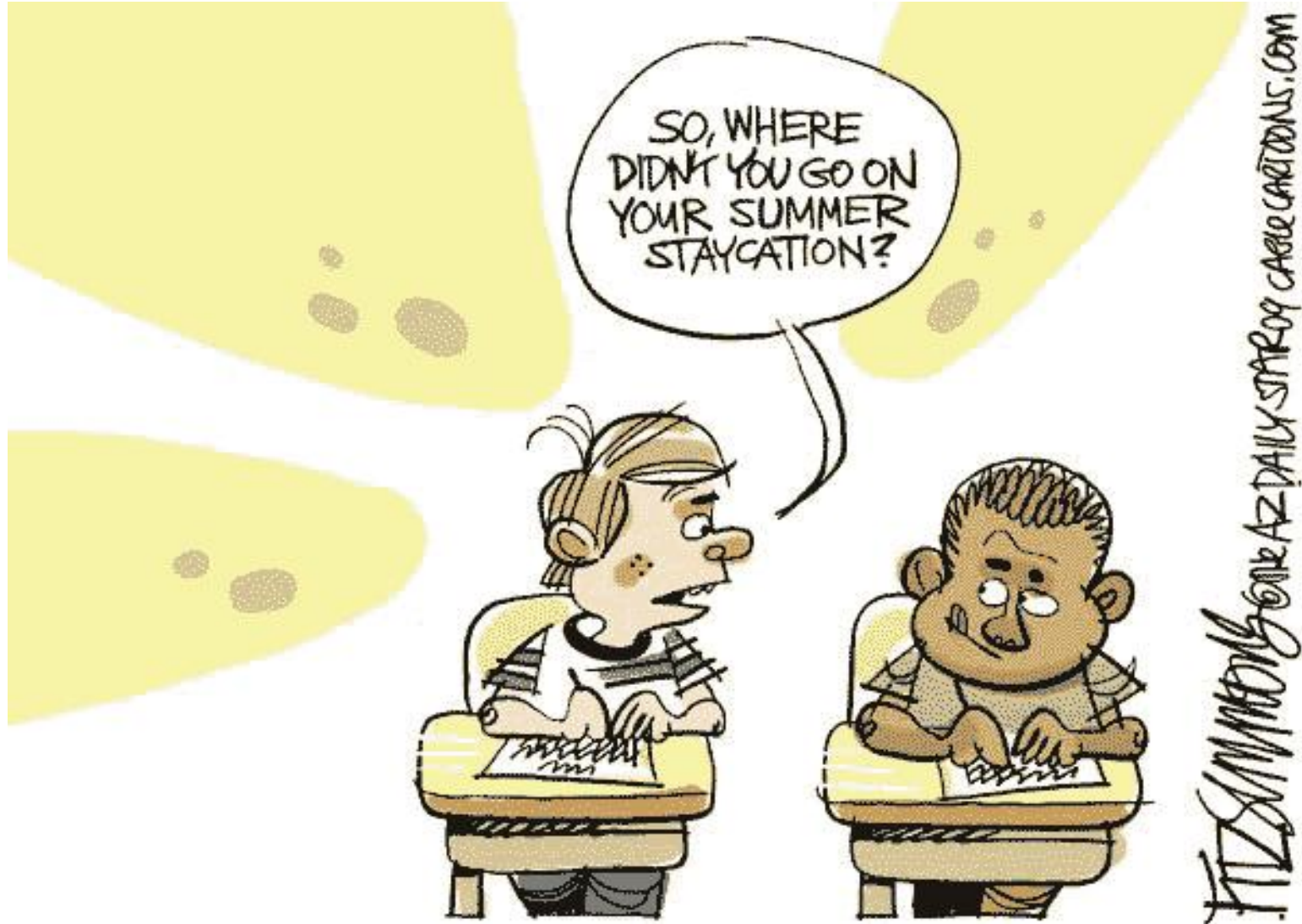


# Branson Visitor Profile

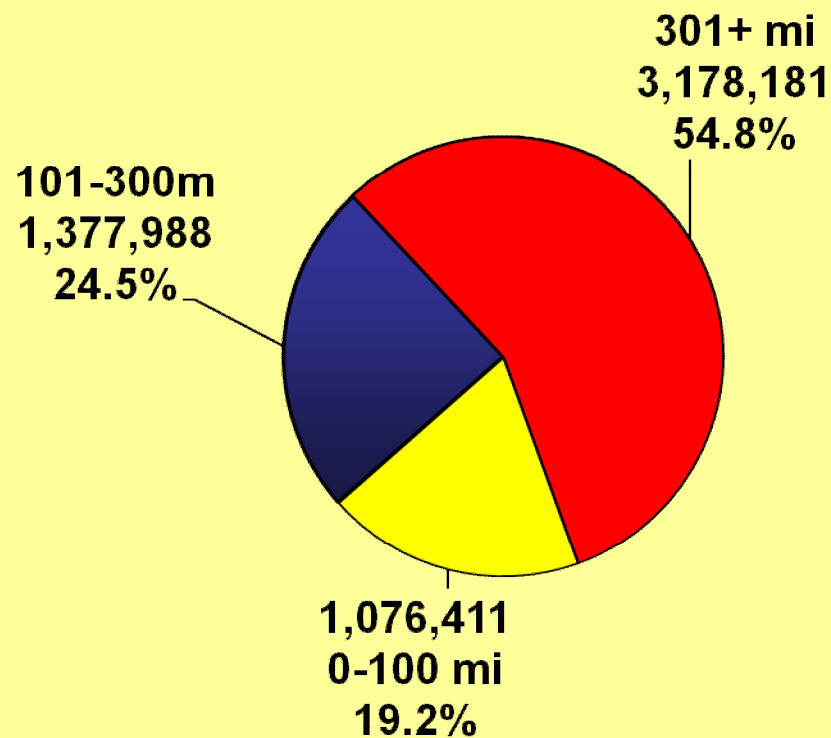


**What else** do we **know**  
about Branson visitors in **2010?**





# September 2010 Visitation by Distance



Source: BLACC/CVB Research Committee;  
Marketsource Research Center



# 2010 Market Growth Thru September 2010



<b>Core Markets</b> (0-100 mi.)	<b>+32%</b>
<b>Primary Markets</b> (101-300 mi.)	<b>-4.0%</b>
<b>Outer Markets</b> (301-650 mi.)	<b>-3.0%</b>
<b>National Markets</b> (650+ mi.)	<b>-2.0%</b>
<b>OVERALL VISITATION</b>	<b>+2.0%</b>

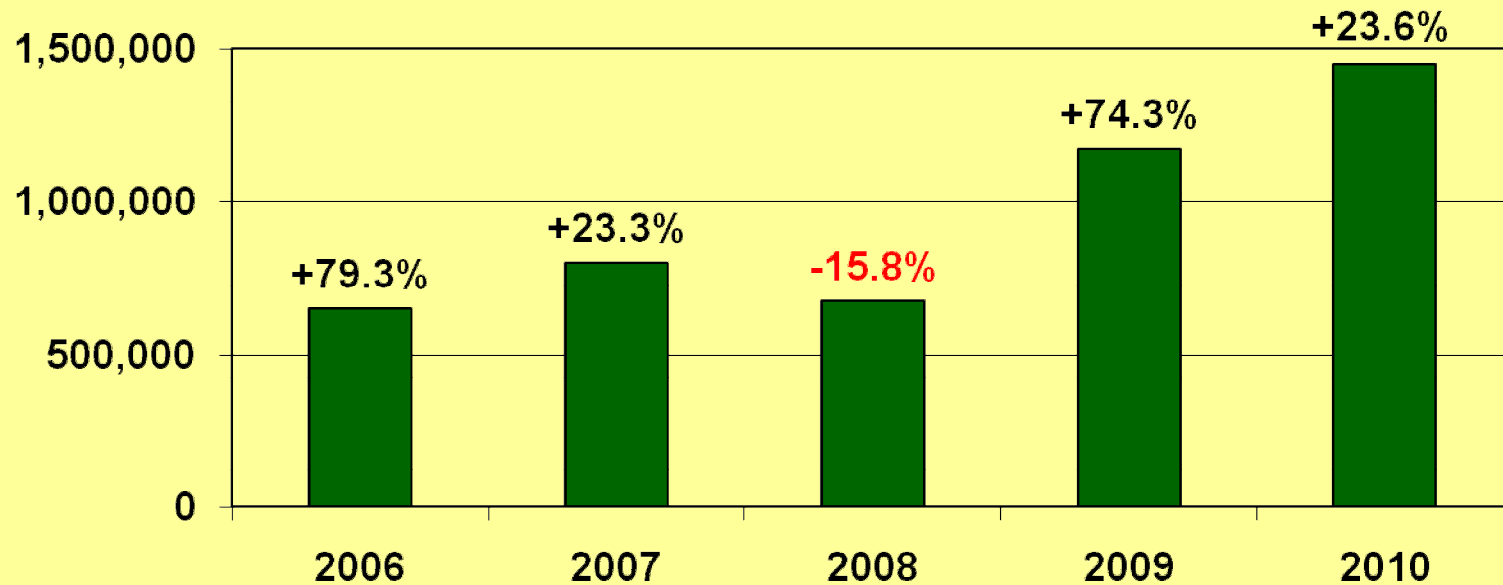


# YTD September 2010 vs. YTD September 2009



	<u>2010</u>	<u>2009</u>
" Spending per Party	\$906.90	\$958.31
" First-Time Visitors	27.6%	31.5%
" Length of Stay	4.41	4.51
" Families	43.4%	43.8%
" Average Adult Age	55.8	56.0

# Web Inquiries YTD Thru September 2010



# Web Highlights YTD thru September 2010



- “ 1.45 million total visits
- “ 8.6 million total pages viewed
- “ 7:09 minutes average time on site
- “ 69% new visitors
- “ **1.4 million outbound clicks to Branson businesses**



# 2010 - 2012 Strategies and Tactics



- “ **Monitor changing media, economic, and tourism trends during development of 2011 marketing plan**
- “ **Continue to market in selected markets closer to Branson to leverage the trend of travelers staying closer to home, *without abandoning national cable outreach.***
- “ **Stress new product in our advertising messages to increase appeal to a repeat audience.**

# 2010 - 2012 Strategies and Tactics



- “ Stress the *value* that Branson affords its travelers in all of our messages.
- “ Increase allocations for Web Marketing/SEO, Public Relations and Research.
- “ Organize marketing co-ops to coordinate and leverage local marketing resources.
- “ Leverage PR wherever possible.



# Branding Update



**“ Working with Sterling Brands to re-visit 2004 Branding Study... rethinking and updating brand strategy to more clearly position Branson as a wholesome, intimate and authentic alternative to Las Vegas, Orlando and other tourism destinations in order to appeal to Boomers, younger adults and families. Revised marketing approach will include more regional media focus while maintaining national presence.**



A scenic photograph of a large, calm lake with deep blue water. In the background, there are rolling hills covered in dense green forest under a hazy sky. A small, tree-covered island is visible in the middle of the lake. In the foreground on the right, a rocky, sloping shoreline with some green vegetation is visible. The text "Thank you." is overlaid in white on the left side of the lake.

**Thank you.**